



CITY OF MENIFEE

SUBJECT: 2024 Comprehensive Cost of Services/User Fee Schedule Update

MEETING DATE: May 15, 2024

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Deputy Finance Director

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt a resolution approving the addition and modification of fees to the 2022 User Fee Schedule and authorizing an effective date of July 15, 2024; and
2. Authorize the City Manager to implement an annual Consumer Price Index (CPI) adjustment, based on January-to-January index (increase or decrease) not-to-exceed four percent, with the first adjustment effective July 15, 2024 and annual adjustments thereafter on July 1 each fiscal year.

DISCUSSION

On October 5, 2022 the City Council adopted the 2022 Comprehensive Cost of Services/User Fee Study and accompanying fee schedule with an effective date of January 1, 2023. The new fee schedule reflected a comprehensive review and analysis to determine the full cost of providing services accurately, fairly, and reasonably to the individuals, residents, and businesses within the community. Ultimately, the amount of revenue generated (fee amount) may not exceed the estimated reasonable cost of providing the services, and with the goal of making the City “whole” as to costs.

In addition to the new fee schedule, effective January 1, 2023, the approval of the Fee Study included authorization for the City Manager to implement an annual Consumer Price Index (CPI) adjustment (increase or decrease) not-to-exceed 4%, effective July 1 each fiscal year, based on December to December of the previous year, with the first adjustment effective July 1, 2024.

As the City prepares for Fiscal Year 2024/2025, several necessary fees have been identified for addition to the existing fee schedule based on services provided by the City. For example, with the launch of the Aquatics program, corresponding program fees are recommended. Consistent

with the adopted fee schedule methodology and approach, recommended fees were based on current fees, industry norms, economic development strategy, and parity with surrounding cities. Table 1 below identifies the new fees and/or fee adjustments recommended for adoption beginning July 15, 2024.

TABLE 1: PROPOSED NEW FEES AND/OR FEE ADJUSTMENTS (EFFECTIVE JULY 15, 2024)

Fee Name	Proposed Fee Amount (\$)	Department	Cost Recovery Description/ Determination	Description
Aquatics: Learn-to-Swim (New Fee)	\$75 Resident \$125 Non-Resident <i>For future year rates this fee will fall within Programmatic / Sport / Afterschool Fees - See Activity Guide for most up to dates rates.</i>	Community Services	Proposed based on market rates and survey with surrounding entities.	Group swim lessons per 2 week session.
Aquatics: Recreation Swim (New Fee)	\$2 Resident \$10 Non-Resident <i>For future year rates this fee will fall within Programmatic / Sport / Afterschool Fees - See Activity Guide for most up to dates rates.</i>	Community Services	Proposed based on market rates and survey with surrounding entities.	Open recreation swim daily fee
Aquatics: Lap Swim (New Fee)	\$2 Resident \$10 Non-Resident <i>For future year rates this fee will fall within Programmatic / Sport / Afterschool Fees - See Activity Guide for most up to dates rates.</i>	Community Services	Proposed based on market rates and survey with surrounding entities.	Lap swim daily fee per 30 minute session
Sports Field Striping (New Fee)	\$15 per field (Resident) \$20 per field (Non-Resident)	Community Services	Proposed based on market rates and survey with surrounding entities.	Striping of ballfield diamonds or multipurpose fields per field
Palm Room Lighting (New Fee)	\$25 per event (Resident) \$50 per event (Non-Resident)	Community Services	Proposed based on market rates and survey with surrounding entities.	Facility rental use of stage lights in the Palm Room per event

Fee Name	Proposed Fee Amount (\$)	Department	Cost Recovery Description/ Determination	Description
Tenant Improvement (TI) Fees (Commercial/Multi-Family/Industrial) <i>(New Fee)</i>	<u>Project Valuation/Valuation Multiplier</u> (\$0-\$5,900)/\$199 Flat Fee \$5,701-\$25,000/.033 Valuation Multiplier \$25,001-\$50,000/.020 Valuation Multiplier \$50,001-\$250,000/.010 Valuation Multiplier \$250,001-\$500,000/.009 Valuation Multiplier \$500,001-\$1,000,000/.006 Valuation Multiplier Over \$1,000,000/.007 Valuation Multiplier	Building & Safety	Full Cost Recovery	Expanded/ Tiered TI Fee based on Valuation & Valuation Multiplier.
Planning Application Refund Processing Fee <i>(New Fee)</i>	Fee will be based per MMC 9.30.050 policy established by CD Director	Community Development : Planning	Full Cost Recovery	Associated costs for processing refund request. Refund Policy by CD Director established per M.M.C Chapter 9.30.050.
Building Permit Refund Processing Fee <i>(New Fee)</i>	Fee will be based per policy established by Building Code 109.6	Community Development : Building & Safety	Full Cost Recovery	Associated costs for processing refund request. Refund Policy by Building Official established per Building Code, 109.6.
Clearance Letter <i>(Fee Adjustment)(Fee 5.03)</i>	\$25 (increase by \$5)	Menifee PD	83.29% Cost Recovery	Increase to existing fee for higher cost recovery.
Citation Sign Off <i>(Fee Adjustment)(Fee 5.04 and 5.05)</i>	\$20 (increase by \$20 for Menifee PD Citation and \$5 for Outside Agency Citation)	Menifee PD	52.63% Cost Recovery	Increase to existing fee for higher cost recovery.
Vin Verification <i>(Fee Adjustment)(Fee 5.14)</i>	\$30 (increase by \$5)	Menifee PD	88.24% Cost Recovery	Increase to existing fee for higher cost recovery.

Fee Name	Proposed Fee Amount (\$)	Department	Cost Recovery Description/ Determination	Description
Vehicle Release Abandoned or Stored <i>(Fee Adjustment)(Fee 5.15 and 5.17)</i>	\$150 (increase by \$50)	Menifee PD	74.63% Cost Recovery	Increase to existing fee for higher cost recovery.
Vehicle Release Impounded or Stored for DUI <i>(Fee Adjustment)(Fee 5.16)</i>	\$200 (increase by \$50)	Menifee PD	99.50% Cost Recovery	Increase to existing fee for higher cost recovery.
Business License Reinstatement Fee ⁽¹⁾ <i>(New Fee)(Fee 2.08)</i>	Applicable Annual Renewal Fee(s) + Late Payment(s) Fee for all outstanding years	Finance	Penalty (Renewal Fee + Late Payment Fee) for all outstanding years	Cost of expired/lapsed business license requiring reinstatement.

(1) The purpose of the fine and/or penalty is to ensure compliance, therefore, the amount is meant to be punitive in nature, so as to incentivize compliance. The fine / penalty amount is meant to be set at a rate that ensures there is enough of a financial impact of non-compliance to discourage that non-compliance.

Automatic Annual Fee Adjustments

As previously noted, the 2022 User Fee schedule included authorization for the City Manager to implement an annual CPI adjustment (increase or decrease) not-to-exceed 4%, effective July 1 each fiscal year, based on December-to-December of the previous year, with the first adjustment effective July 1, 2024. The complete CPI for All Urban Consumers – Riverside- San Bernardino- Ontario, CA information is available on a January-to-January basis, with only a partial index available for December-to-December. Therefore, beginning with the first adjustment in July 2024, staff is recommending updating the automatic annual fee adjustment be updated to be a January-to-January CPI index (increase or decrease), not-to-exceed 4%. Federal and State set fees such as passport and document reproduction fees, would not be included in the annual adjustment. For 2024 the January-to-January CPI and recommended fee adjustment is 2.878%.

As some of the fees are development related and pursuant to Government Code section 66017, the recommended effective date for the new and/or fee adjustment as well as implementation of the annual fee adjustment for all existing fees is July 15, 2024, to conform with the 60-day implementation period requirement. In future years the annual automatic adjustment would be effective on July 1st.

STRATEGIC PLAN OBJECTIVE

Thriving Economy

FISCAL IMPACT

Adoption of the proposed new fees and/or fee adjustments would result in higher cost recovery for services provided by the City and help reduce any General Fund subsidy. Additionally, the implementation of the annual CPI adjustment would ensure costs for delivery of services remain current and reflect any significant increases and/or decreases caused by inflation or deflation.

ATTACHMENTS

1. Resolution
2. Exhibit A: 2024 New Fees and Fee Adjustments
3. Exhibit B: Existing Fee Schedule with 2024 Fee Adjustment